EDMONTON

The City of Edmonton, Alberta, Canada

Annual Report 2001

THE CITY OF Edmonton

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Cover photo: Opening ceremonies for the 8th IAAF World Championships in Athletics held in Edmonton, Alberta August 3 to 12, 2001

102-03614/

Mission

The City of Edmonton focuses on:

The delivery of effective, efficient and citizen-oriented services;

Sound leadership and teamwork; and

Responsible use of resources (financial, people and assets).

The City of Edmonton, Alberta, Canada

Annual Report 2001

Produced by the Corporate Services Department
of The City of Edmonton in cooperation
with all civic departments,
offices and agencies.

. . . to enjoy

"The river valley is an excellent resource – out of this world! A little bit of the country in the city."

— EDMONTON RESIDENT
CITIZEN SATISFACTION SURVEY
SUMMER 2000

Edmonton
A SNAPSHOT

Canada's fifth largest city can best be experienced in living colour, from the diverse cultures that bring global experience to our doorstep to the distinct business clusters that propel our growth.

LIVING | Fully 95 per cent of citizens surveyed in 2001 would recommend this city as a place to live. What's more, the number of citizens who rate the quality of life and civic services as "excellent" continues to climb. Many cite our parks and green spaces as a beloved asset, particularly the river valley that winds through the city, a 25-km ribbon of green preserved for public use.

A northern city, Edmonton takes full advantage of its distinct seasons. In summer, non-stop festivals soak up the sun capitalizing on our long, warm summer evenings. In winter, crisp weather sets the stage for outdoor sports such as skating and skiing. Indoors, artistic sensibilities are satisfied year-round with abundant options for theatre, music, sports, fine art and equally fine dining.

Municipal and provincial tax rates, utilities and other costs of living stand among the lowest in Canada. Such affordability, coupled with unequaled livability, makes Edmonton a superior home.

LEARNING | An internationally recognized smart city, Edmonton's rich blend of educational choices includes the world-class University of Alberta, plus numerous colleges and technical training options. Our workforce stands among the most skilled and educated in North America, a key to success in tomorrow's economy.

LINKING | Positioned at the centre of Alberta, the City lies along existing and proposed pipelines linking the oil and gas fields of the north with our refining capacity—and with markets to the south. As the search for resources intensifies amid excitement about northern diamonds and the growing need for nearby oilsands, Edmonton's historic role as gateway to the north fuels confidence that ours is indeed a bright future.

. . . to build

"Allow me to congratulate you upon the beautiful situation of your city the capital of an immense province whose future greatness is only beginning to unfold."

FREDERICK TODD
MONTREAL LANDSCAPE ARCHITECT
WHO CREATED EDMONTON'S RIVER VALLEY
PRESERVATION PLAN
APRIL 1905

Capital Facts

POPULATION

- Edmonton: 666,104
- Metropolitan: 937,845

LAND AREA

- Edmonton: 700 square kilometres (270 square miles)
- Metropolitan: 9,537 square kilometres (3,681 square miles)

KEY BUSINESS CLUSTERS

- Advanced Manufacturing
- Agri-Food and Forest Products
- Biomedicine and Biotechnology
- Engineering and Technical Services
- Information and Media Services
- Oil, Gas and Chemicals
- Tourism and Entertainment
- Transportation and Logistics

(Identified by Greater Edmonton Competitiveness Strategy)

CULTURE

- Winspear Centre for Music, home to Edmonton Symphony Orchestra
- Citadel Theatre, plus a wide range of smaller theatre companies
- Edmonton Art Gallery and numerous smaller galleries
- Edmonton Opera and excellent ensembles and choirs
- Alberta College Conservatory of Music
- Alberta Ballet Company

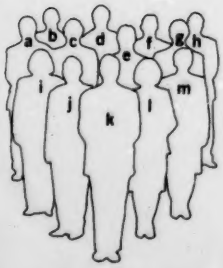
ATTRACTIONS

- West Edmonton Mall
- Provincial Museum of Alberta
- Odyssium science centre
- John Janzen Nature Centre
- Muttart Conservatory
- Fort Edmonton Park
- John Walter Museum
- NHL Edmonton Oilers, CFL Edmonton Eskimos, Triple A Edmonton Trappers
- Nearby National Parks, including Jasper and Banff
- More park space per capita than any other Canadian city

City Council's Vision

The election of October 15, 2001 brought six new Councillors to Edmonton's helm and returned Bill Smith for a third term as Mayor. City Council quickly signalled its intent to push forward in key strategic areas by naming the following as top priorities:

Equitable financial relationships with other orders of government;
Downtown vitality;
Robust, sustainable growth coupled with an agreed-upon regional strategy;
Service levels that balance affordability with need;
Achieving goals set in existing plans and visions.



"We are committed to work on behalf of the citizens of Edmonton by charting a course that encourages economic growth while sustaining and improving our quality of life."

EDMONTON CITY COUNCIL
2001-2004

(a) Allan Bolstad, (b) Stephen Mandel, (c) Ron Hayter, (d) Dave Thiele, (e) Larry Langley, (f) Ed Gibbons, (g) Bryan Anderson, (h) Terry Cavanagh (i) Janice Melnychuk, (j) Michael Phair, (k) Mayor Bill Smith, (l) Jane Batty, (m) Karen Leibovici

Political and Administrative Structure

CITY COUNCIL | Edmonton is governed by an elected City Council composed of a Mayor and 12 Councillors. Together, they provide leadership and direction to staff, who ensure that citizens have access to the essential services needed in a livable city.

The city is divided into six wards, with each voter able to choose two Councillors as well as the Mayor. Elections are usually held every three years; the next election is set for October 18, 2004.

Typically, Council meets three times a month. Meetings are open to the public.

As indicated in the organization chart, each Council member serves on several committees. City Council accepts most decisions made by its committees as final. On some issues, however, Council can approve, amend or defeat committee recommendations and take entirely different action.

CITY MANAGER | Appointed by City Council as Chief Administrative Officer, the City Manager implements Council policies and manages day-to-day operations. Under his leadership are six departments, plus the Office of the City Clerk and the Intergovernmental Affairs Office.

OFFICE OF THE CITY AUDITOR | Appointed by and accountable to Council's Executive Committee, the City Auditor provides independent reviews of civic departments and programs through audits and other studies authorized by the committee.

EPCOR UTILITIES INC. | A wholly owned subsidiary corporation, EPCOR provides the following services: electric power generation and distribution, and water treatment and distribution. The City holds EPCOR's single share, and City Council appoints the utility's Board of Directors and Chairman. In 2001 EPCOR fulfilled its financial commitments to its shareholder, The City of Edmonton, and paid the City a dividend of $90.5 million. In addition, the company paid $38.5 million in business tax, property tax, franchise fees and revenue taxes to The City of Edmonton. EPCOR's strong financial performance has allowed the company to commit to pay an additional $10 million in dividends next year resulting in a total dividend payment of $100.5 million in 2002.

City Manager

In 2001 the City of Edmonton was presented with a set of unique challenges. Besides devoting amazing energy to two back-to-back international championships, employees coordinated a complex election, juggled the volume created by healthy growth – and then dealt with heightened emergency demands following the terror of September 11. City Manager, Al Maurer appointed in November 2000, brought the stability required to meet those challenges by solidifying a strong yet lean senior management team.

"Looking back over my first full year as City Manager, I'm proud to say that we accomplished everything we set out to do. That's a tribute to our staff, who gave 110 per cent the entire year. It also speaks highly of our managers, and of the open relationships we've forged with unions, councillors and other jurisdictions."

AL MAURER
CITY MANAGER

EDMONTON POLICE SERVICE

City Council appoints seven citizens to sit on the Edmonton Police Commission. It oversees the Edmonton Police Service, which takes a community-based approach to its work of enhancing safety and combating crime. Beginning in 2002, two City Councillors will sit on the commission.

EDMONTON PUBLIC LIBRARY

A 10-member Edmonton Public Library Board, appointed by City Council, manages Edmonton's library services, offered from a main location downtown and 15 branches. One City Councillor sits on the board.

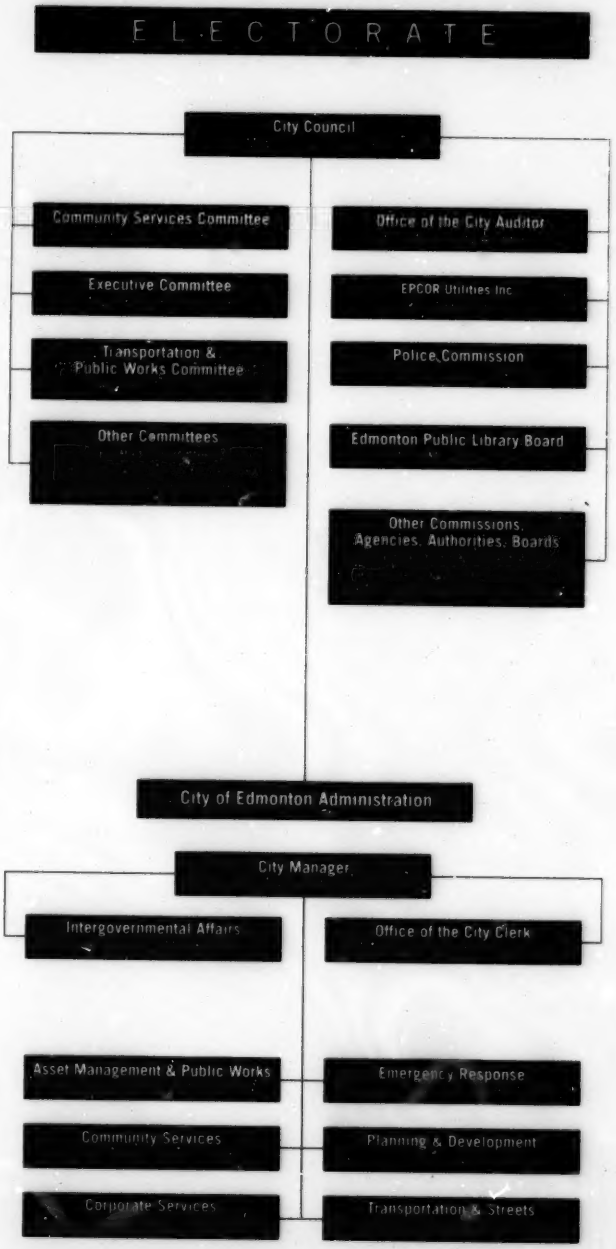
OTHER BOARDS

Hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our lives. In addition to the boards named above, areas addressed by those bodies include business development, assessment, transportation, housing and historical preservation. Most citizens volunteer their services, evidence of the vibrant volunteerism for which Edmonton is internationally known.

SCHOOL BOARDS

Concurrent with civic elections, voters elect school boards to govern Edmonton's two major elementary and secondary systems: Edmonton Public Schools and Edmonton Catholic Schools. The municipality collects education taxes from property owners on behalf of both the province and Edmonton Catholic Schools.

LEGISLATIVE AND ADMINISTRATIVE ORGANIZATION CHART



. . . to welcome

"Never before have the world championships been prepared and managed better."

ISTVAN GYULAI
IAAF GENERAL SECRETARY
FALL 2001

Edmonton Shines as Host

Two international athletic championships swung the spotlight onto Edmonton during the summer of 2001—and our city shone.

First, the ITU Triathlon World Championship attracted 1,500 athletes from 50 countries. Besides clearing streets for the cycling and running legs of the July 21 to 22 competition, City staff worked closely with other partners on the complex task of turning a lake at Hawrelak Park into a swimming venue. The July 22 elite events alone attracted nearly 50,000 spectators.

Mere days later, August 3 to 12, the 8th IAAF World Championships in Athletics descended, involving fully 3,000 athletes from 209 countries in 52 events. The first city in North America ever to host this third largest sporting event in the world, Edmonton depended on nearly 11,500 volunteers and staff to create a superbly organized and visually stunning experience for 25,000 visitors and 2,678 media.

CIVIC SUPPORT | Civic leadership was instrumental in these international events' success, from bid to bleachers. Staff in every area worked both behind the scenes and on the frontlines, providing crucial expertise. In addition, four civic representatives served on the Edmonton 2001 Board, and key individuals were seconded from Fire, Transit and Edmonton Police Service.

The City provided more than $8 million in financial and in-kind support to the two international events, including police, transit, emergency response, facility use, project management and promotion. Police officers alone dedicated more than 23,000 hours.

VALUABLE LEGACIES | State-of-the-art facilities: A $22-million upgrade to Commonwealth Stadium, with another $1.5 million to come; a new $4.4 million facility replacing Clarke Stadium; the $2.3 million Rollie Miles Athletics Field next to Strathcona High School; the $10.3 million Foote Field at the University of Alberta's south campus.

Economic spinoffs: Estimated at $175 million for Greater Edmonton with hotel occupancy rates as high as 91 per cent and a 14 per cent jump in airport traffic.

Accolades: Including an award of excellence from the Recycling Council of Alberta for diverting most of the waste generated by the competitions from landfill. Meanwhile, school curriculum created to coincide with the World's is attracting interest from other provinces. And yes, Edmonton's name emerges often as sites are pondered for numerous future events.

. . . to prosper

"Housing starts rose to 4,811 units (7,855 for the region). That's the highest in nearly two decades, with the single-family market particularly strong."

CANADA MORTGAGE AND HOUSING CORPORATION

Economic Climate

Edmonton's growth topped the nation in 2001, fueled by a thriving energy sector, major heavy oil projects, high-tech initiatives, provincial tax cuts and high profile sporting events.

STELLAR TRAJECTORY | The total value of all goods and services produced in the region (GDP) grew an estimated 4.6 per cent, triple the Canada-wide figure, which the Conference Board of Canada estimates at 1.5 per cent.

Edmonton led the country in projected growth in retail sales (9.9 per cent), personal disposable income per capita (8.1 per cent) and employment (3.7 per cent).

Employment in the Edmonton region grew by nearly 16,000 net jobs, averaging 505,000 despite a sharp dip in September. Leading the way were the construction industry with a growth of 7,000 jobs, followed by educational services with a growth of 5,700 jobs. Seasonally adjusted unemployment dropped to an historic low of 3.8 per cent in September and averaged 4.9 per cent for the year, down from 5.5 per cent.

The City issued $904.5 million in building permits, markedly up from $786.7 million in 2000 and more than twice the amount issued just five years ago.

RIDING THE CREST | For the second straight year, Edmonton is poised to lead the country, with the Conference Board forecasting 3.2 per cent growth for 2002.

Edmonton is rated AA (High) by Dominion Bond Rating Service Ltd. of Toronto and AA by Standard & Poors, reflecting confidence earned through skilled financial management, growing economic diversity and low municipal taxes.

Most affordable in the world. That's where Edmonton ranks in a major KPMG study comparing the costs of doing business in major G-7 cities. Three studies commissioned by Economic Development Edmonton in 2001 corroborate that irrefutable advantage.

. . . to manage

"Our staff has the knack of finding today's best tools, and tweaking them just enough to serve our unique circumstances as a high-tech northern city. They've kept Edmonton at the forefront in so many areas, and that speaks volumes about both the depth of knowledge and the extremely high commitment you'll find within these ranks."

AL MAURER
CITY MANAGER

Good Government
YEAR 2001 HIGHLIGHTS

FISCAL PRUDENCE | $9.2 million in savings were shaved from the City's $1-billion 2001 budget, and staff committed to saving equal amounts in the coming two years. Those savings complement $66 million in efficiencies found in eight previous years.

Cost-saving initiatives include energy efficient street lighting, less expensive snowplowing methods and innovations in pothole repair.

Through the effective implementation of the City's new investment policy, all civic investments had positive investment returns, despite the difficult market conditions.

STEWARDING THE ENVIRONMENT | Goldbar Wastewater Treatment Plant's Ultraviolet Disinfection Facility received a trio of awards from the Consulting Engineers of Alberta, saluting environmental, technology and infrastructure excellence. The state-of-the-art facility uses ultraviolet light to eliminate 99.99 per cent of coliform bacteria in effluent.

The City's newest Police Station promises to outperform the Model National Energy Code by 43 per cent, significantly reducing operating costs and increasing occupant comfort. The integrated design process piloted here will reap similar gains in upcoming projects.

Council approved a comprehensive framework for conservation planning and funded a coordinator to help safeguard environmentally sensitive areas.

Guidelines developed by City staff to reduce the amount of salt used on icy streets are serving as a model as the federal government sets standards to curb a substance it now deems a priority for environmental action.

A SMART, SAFE CITY | Interactive forms on the City Web site (www.gov.edmonton.ab.ca) allow citizens to report fire safety concerns or potholes, make service inquiries and submit real estate offers. Additional e-business options are planned for 2002.

The Web site also opens doors to a wealth of spatial and demographic data through the powerful Spatial Land Inventory Management system: property assessments, voting records, garbage pickup schedules, neighbourhood incomes and more.

The City contributes about $1.2 million a year to the Edmonton Housing Trust Fund, which pools government, not-for-profit and private resources to address an acute shortage of affordable housing. Recent projects assisted homeless and at-risk families, women and children fleeing violence, hard-to-house individuals and seniors with disabilities.

A full 150 vacant and unsafe buildings in the inner city have been demolished since derelict housing inspections began in 1999. Police report a corresponding drop in crime within those neighbourhoods.

to plan.

Despite the current global slowdown, Greater Edmonton is set to stay at the top of the class for the next three to five years. In my mind, if you can't make money in Edmonton right now, you're not going to make money elsewhere in Canada.

DR. JIM FRANK
VICE PRESIDENT AND CHIEF ECONOMIST
THE CONFERENCE BOARD OF CANADA
DECEMBER 2007

On the Horizon

COMPETITIVE ADVANTAGE | Selected as the site of Canada's National Institute for Nanotechnology, Edmonton is poised to become a world-class leader in the next-generation science of manipulating materials and machines in minuscule. The institute will add to the impressive array of disciplines in which Edmontonians have cutting-edge expertise.

HEALTHY GROWTH | After moderating slightly in 2002, the Conference Board of Canada forecasts the region's economy to grow 4.3 per cent in 2003.

Major projects slated for Alberta promise to inject more than $82 billion in coming years, nearly 80 per cent of that in the north where Edmonton holds historic strength.

Greater Edmonton population could top one million as early as 2006. The municipality is expected to reach 702,200 in that same period. Fully 92 per cent of the increase will be among people 40 and older, dramatically shifting our age composition.

PLANNING FOR SUCCESSION | The City is planning now for the fact that many civic employees will be eligible to retire in the next five to seven years, including half the senior managers.

Realizing that aging demographics and a tight labour market will complicate the search for qualified staff, the City is looking to forge ties with educational centres while ensuring that internal policies foster satisfaction and loyalty.

CLOSING THE GAP | Foreseeing significant capital and operating funding gaps as the municipality grows, City Council continues to pursue a three-pronged strategy:

- Advocating for equitable cost sharing with the Province of Alberta, including the ability to tap funding sources other than taxation;
- Examining expenditures and revenues, seeking a further $10 million in efficiencies for 2002;
- Reviewing the City's current services.

Burgeoning infrastructure needs are also prompting a review of the City's borrowing policy, which currently results in tax-supported debt being retired by 2004.

Chief Financial Officer

The financial challenges facing Edmonton are similar to those facing virtually every other major Canadian municipality. Finding ways to efficiently deliver basic services while keeping expenditures under control is the issue we deal with every day. Success requires a multitude of talents – a focus on customer service, solid technical skills – and recognition of the fact that every single dollar we spend belongs to taxpayers' pockets.

"Edmonton has a history of solid and conservative financial management, a tradition that continues to this day. Notwithstanding, our techniques very much lead the industry in terms of innovation and efficiency. Our investment management practices, for example, were revised this year to save operating dollars and generate higher returns."

RANDELL W. GARVEY
CHIEF FINANCIAL OFFICER

Report from the Chief Financial Officer

The annual report contains the audited financial statements as required under the Municipal Government Act. In addition it serves as an opportunity to communicate with taxpayers and other members of the public regarding the City's financial performance in 2001.

As well, this report describes significant financial events occurring during 2001, explains the City's major financial policies, provides an assessment of the City's general financial condition, and includes explanations of noteworthy items recorded in the accompanying financial statements.

2001 FINANCIAL HIGHLIGHTS | The 2001 financial statements of The City of Edmonton have been completed on a fund basis and are comprised of an operating fund, a capital fund, and a reserve fund. The results of the three funds have then been consolidated to report the overall financial position and financial activities of the City.

OPERATING FUND | The 2001 consolidated operating fund net revenues were $505.9 million and after providing for certain budgeted fund transfers and debt repayments, the operating fund balance increased by $304.0 million to $1,928.0 million.

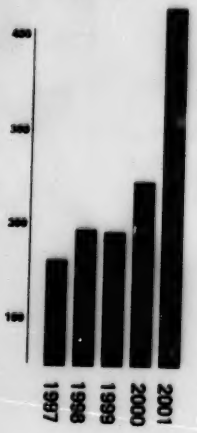
Net revenues for the general government tax-supported operations were $48.2 million prior to transfers and debt repayment. Of that amount, $20.9 million relates to accounting adjustments required to implement new pension and benefit accounting standards, amounts which have been appropriated to offset any future related funding needs. The remaining net revenue, which exceeded budget, was primarily as a result of higher than anticipated investment earnings, transit revenues, Highway Traffic Act revenues, as well as tax and development compliance revenues due to growth. Expenditures were less than planned due to a reduced need for winter road maintenance, staff vacancies, and reduced expenditures for short-term disability and pension. These favourable variances were partially offset by additional damage claims and increases to accrued vacation.

Earnings on the Ed Tel Endowment Fund, established in 1995 with the proceeds of the sale of the telephone utility, slightly exceeded the $40.7 million appropriation for general government operations, despite the difficult market conditions. The excess has been retained within the Endowment Fund. The overall market return on investments was 3.6 per cent. The net asset book value at December 31, 2001 is $577.9 million, while the market value is estimated to be $587.8 million.

Report from the Chief Financial Officer continued

Capital Expenditures

Excluding EPCOR Utilities Inc. (millions of $)



Earnings in the The City of Edmonton Sinking Fund, established to meet future obligations to the purchasers of certain City of Edmonton debentures, exceeded required earnings by $10.6 million. Of that amount, $5.0 million is owing to EPCOR Utilities Inc. under an agreement entered into January 1, 1996. Future excess earnings within the Sinking Fund will be shared between the City and EPCOR Utilities Inc. The fund's remaining excess earnings at December 31, 2001, attributable to the City, are $27.4 million, of which $18.3 million has been appropriated to fund capital expenditures. An amount of $436.2 million has been accumulated for future debt retirement.

EPCOR Utilities Inc. contributed $226.8 million in current year earnings, slightly less than the budgeted earnings of $239.6 million. A further adjustment of $156.2 million was recognized in 2001, relating to a future tax benefit adjustment. Dividends of $90.5 million and franchise fees of $29.5 million were transferred to support general government tax-supported operations.

Other operations within the consolidated entity, including the Sanitary Utility, land operations, mobile equipment operations, Edmonton Public Library and Economic Development Edmonton, earned $68.5 million, prior to transfers and debt repayment of $63.3 million.

CAPITAL FUND | $415.4 million was expended on capital during 2001, excluding expenditures incurred within EPCOR Utilities Inc. Capital expenditures for tax-supported operations amounted to $223.4 million, which were financed on a pay-as-you-go basis including an allocation from operating revenues, government transfers, developer and surcharge contributions and transfers from reserves. $97 million was borrowed in 2001 and used to purchase the composter facility, to be funded on a self-liquidating basis. The fund balance of $71.3 million, increased from the prior year by an amount of $34.5 million, is committed to capital projects approved by City Council in or prior to 2001.

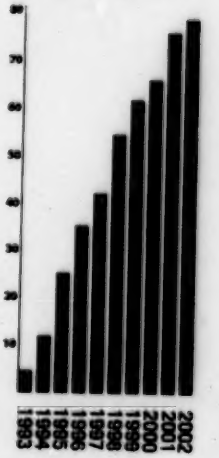
RESERVE FUND | The City maintains reserves designated for specific purposes as approved by City Council or the Boards of municipal entities. As at December 31, 2001 an amount of $105.7 million has been appropriated for future operating or capital purposes, an increase of $4.4 million over the level of the previous year.

Of the overall reserve fund, an amount of $30.7 million has been accumulated in the financial stabilization reserve, established in 1997, to protect the City against unforeseen operating costs. A further $12.8 million will be added to the reserve from the 2001 general government operating surplus.

2002 BUDGET | The 2002 Operating and Capital Budgets were approved by City Council in December 2001. The budgets are based on a 2.4 per cent increase in the municipal property and business tax revenues, without any borrowing for tax-supported capital. A 2.0 per cent increase in the Sanitary Utility rate was also approved. The budget includes selected increases in user fees for various municipal services. The approved budget makes it possible to address the needs of a growing city.

Budget Expenditure Savings

Tax-Supported Operations (millions of $)



The 2002 Budget includes $4.2 million in operating cost savings within tax-supported operations, as part of an overall Expenditure and Revenue Review initiative. This is in addition to $75 million in ongoing savings the City has implemented over the past nine years.

City contributions for 2002 capital expenditures, except for the Sanitary Drainage Utility, will be funded from pay-as-you-go funds, in compliance with the Debt Management Fiscal Policy. Additional one time funding will also be provided from unappropriated Sinking Fund earnings.

AWARDS | The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to The City of Edmonton for its annual financial report for the fiscal year ended December 31, 2000. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. This is the eighth consecutive year that The City of Edmonton has received this award. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA for consideration.

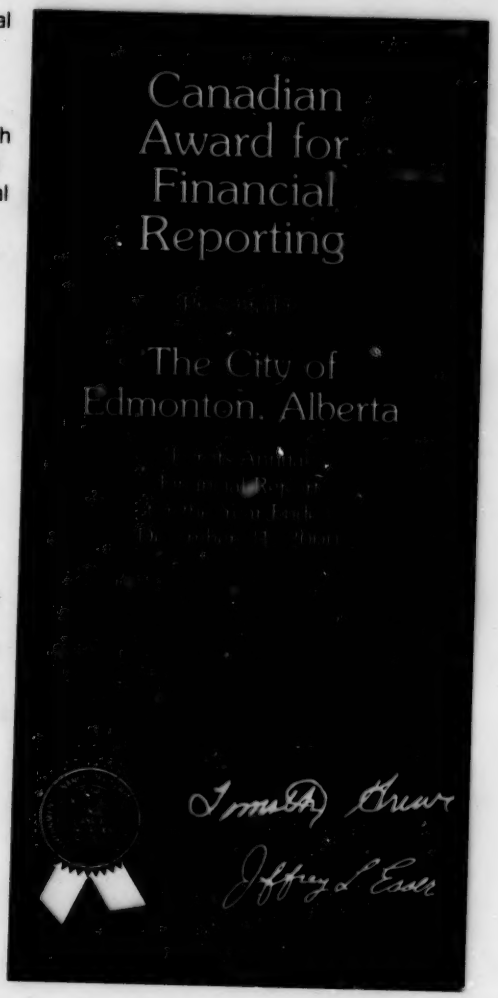
A 2001 Distinguished Budget Presentation Award was received from the Government Finance Officer's Association of the United States and Canada. This is the fourth straight year that The City of Edmonton has received this award. The award represents a significant achievement and reflects the commitment of Council and staff to meeting the highest principles of governmental budgeting. Edmonton has satisfied nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the budget serves as a policy document, a financial document, an operations guide, and a communication device.

Report from the Chief Financial Officer continued

CONCLUSION | Long-range financial plans, developed with a ten year horizon, outline operating and capital funding gaps. An overall closing the Gap strategy has been developed, which recognizes the need for a revised, more equitable relationship with the Provincial government, as well as the need to continue reviewing programs and services and to identify internal efficiencies and opportunities. These efforts continue.

The City's low tax-supported debt, solid financial position, and sound financial management have been appropriately recognized by credit rating agencies who rate the City as follows: Dominion Bond Rating Services AA (high) and Standard & Poors AA.

Looking ahead, the forecast for economic growth within the Edmonton region continues to be strong, challenging the City to maintain existing services as well as to address the service and infrastructure needs associated with growth.



Randell W. Garvey, B. Admin., CFA, CMA
Chief Financial Officer
March 25, 2002

Financial Management and Control

BUDGET PROCESS | In 2001, the third City of Edmonton Corporate Business Plan was adopted, setting out goals, key strategies, and specific corporate-wide initiatives for implementation during the period 2002-2004. The Long Range Financial Plan was updated and approved by City Council for the 2002-2011 period. In addition, three-year departmental business plans were prepared in conjunction with the preparation of the 2002 budget. These planning initiatives enabled the operating and capital budgets to be prepared based on a multi-year business planning perspective.

Edmonton's **operating budget** lays out the revenues and expenditures planned for the following year to deliver city services. The 2002 budget continues to use the more refined program-based budgeting approach that was implemented in 2000 to provide a greater focus on service delivery.

Edmonton's **capital priorities plan and budget** is a five-year plan identifying proposed capital project expenditures and their sources of financing. Proposed capital projects are assigned priorities based on a detailed set of criteria approved by Council. Those projects that fall within the Corporation's financial resources are recommended. Projects with a lower priority are deferred, and may be considered in future budgets.

City Council values public consultation very highly during the development and review of the annual budgets. For the 2002 Budget, public input was provided through a citizen satisfaction survey and a community dialogue process with individual citizens and stakeholder groups. City staff and Council members went out to shopping malls and libraries around Edmonton to answer questions and provide information on the recommended budget. In addition, City Council held a public forum to receive comments on the recommended budget.

ACCOUNTING PROCESS | The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City operates under a shared service model for finance and accounting services. Under this model all business areas share a common accounting and reporting system, and financial and accounting services are administered under the direction of the Chief Financial Officer and delivered to each business area based on their need.

Financial Management and Control continued

AUDITING PROCESS | The Municipal Government Act requires municipal councils to appoint an auditor. In 1999, Edmonton City Council appointed the firm of KPMG LLP, Chartered Accountants, as external auditor for a five-year term. The auditor must report to City Council on the annual consolidated financial statements and the financial information return of the municipality. The Act requires municipal financial statements to be prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Canadian Institute of Chartered Accountants.

The City also has a City Auditor. The Office of the City Auditor is independent of the City Administration and reports directly to City Council through Executive Committee. The Office is empowered by Bylaw 12424, City Auditor. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

- Agent of Change role – to conduct proactive and forward looking projects based on the provision of strategic, risk and control – related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and

- Guardian role – to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

FINANCIAL POLICIES | A number of significant financial policies, adopted by City Council, provide the direction for making operating and capital decisions.

Property Tax Policy

In 1998, City Council adopted the recommendations of the Edmonton Property Tax Committee in formally establishing a policy on property tax. Under the recommendations, beginning in 2000, the municipal property tax share for residential / multi-residential taxpayers is limited to no more than 59 per cent of the total and no less than 54 per cent. The mill rate differential between non-residential and residential municipal property taxpayers must be no more than 2.2 to 1 and no less than 1.5 to 1.

Debt Management Policy

In 1983, City Council adopted a plan to eliminate the City's general (non-utility) debt. This strategic financial plan requires that general municipal capital expenditures be financed 100 per cent by operating revenue and other funding sources such as grants.

Under the plan, no additional general debt has been issued for capital expenditures since 1990. Pay-as-you-go financing has grown from $7 million (in 1983) to $89 million in 2001, and is expected to reach approximately $95 million on the retirement of all general debt at the end of 2004.

Utility Fiscal Policies

City Council's utility fiscal policies govern the financial relationship between the City's General Fund and each of the municipally owned or operated utilities. These policies require each utility to charge sufficient rates to recover all operating costs, repay capital debt and earn a return, or profit, on the City's equity investment. The policies also require each utility to pay the City a franchise fee on utility revenue and to pay the City a portion of annual utility profits (except for the sewer utility) as a dividend. The dividend policy for EPCOR, the wholly owned electrical and water company, is established based on a percentage of budgeted earnings.

Investment Policy

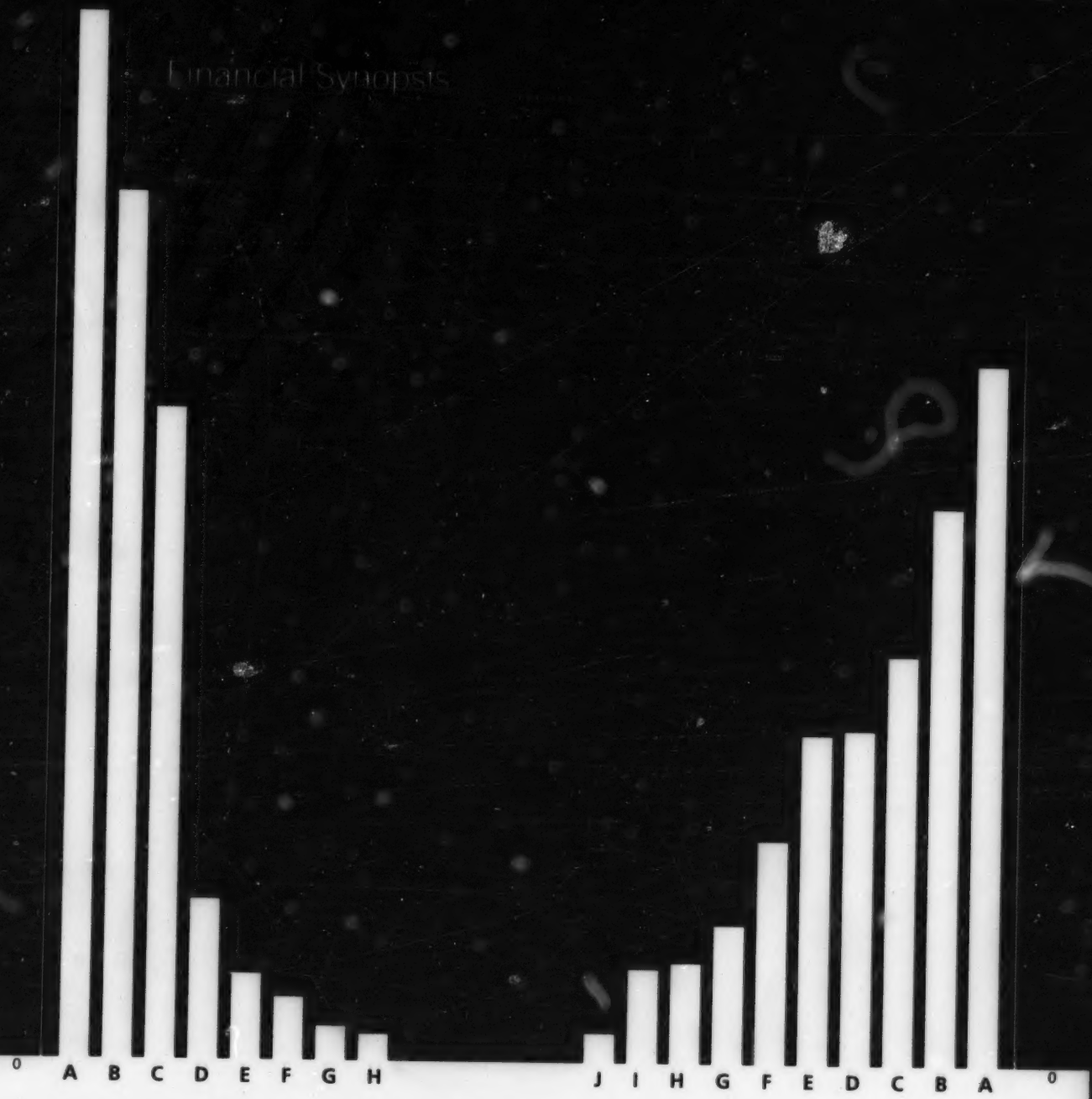
City Council approved an investment policy to ensure that funds that would otherwise remain idle in the bank are put to their best use through investments. These investments are made for the benefit of the citizens of Edmonton or, where they are pension or trust funds, for the benefit of designated beneficiaries.

The Investment Policy establishes objectives to preserve the original principal and to maximize investment returns within an acceptable level of risk. All investments must comply with the City of Edmonton's Investment Policy and the Municipal Government Act of Alberta.

The Investment Committee, appointed by the Chief Financial Officer, has responsibility for the prudent investment of the funds under its control. The Investment Committee oversees the activities of all investment managers, monitors their performance in relation to their established benchmarks, and reports to City Council at least once a year.

Financial Stabilization Reserve Policy

In 1997, City Council approved the Financial Stabilization Reserve Policy. The purpose of the policy is to establish a financial stabilization reserve to protect the City against unforeseen operating costs, to maintain stable taxes and other revenue sources, and to ensure the orderly provision of services to residents. The policy provides for one-half of annual general government operating surpluses to be added to the reserve, with a targeted balance of 7 per cent of general government operating expenditures.

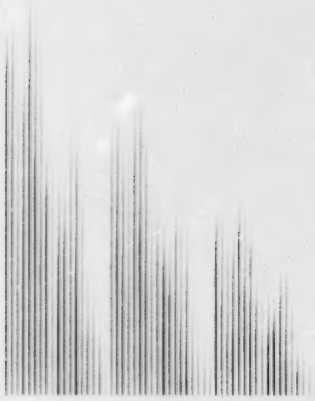


SOURCE OF INCOME DOLLAR (in thousands of $)

a	Taxation	$ 455,387	34.43%
b	Income from subsidiary operations	383,173	28.96%
c	Sale of goods and services	289,751	21.91%
d	Investment earnings	75,881	5.74%
e	Franchise fees	44,116	3.34%
f	Fines and penalties	31,807	2.40%
g	Government transfers	24,834	1.88%
h	Licences, permits and other	17,671	1.34%
		$ 1,322,620	100.00%

DISTRIBUTION OF INCOME DOLLAR (in thousands of $)

a	Increase in operating fund balance	$ 303,985	22.99%
b	Protective services	245,785	18.58%
c	Transportation services	185,297	14.01%
d	Community services	150,564	11.38%
e	Transfers to reserve and capital funds	149,589	11.31%
f	Corporate administration, general municipal and pension and benefit adjustment	100,039	7.56%
g	Utility and enterprise services	64,614	4.89%
h	Debt repayment	52,323	3.96%
i	Waste management & storm sewer	49,601	3.75%
j	Tax appeals and allowances	20,823	1.57%
		$1,322,620	100.00%



Financial Information 2001

The City of Edmonton, Alberta, Canada

Management's Report

The management of The City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Al Maurer, P.Eng.
City Manager

Randell W. Garvey, B. Admin., CFA, CMA
Chief Financial Officer

March 25, 2002

Auditors' Report

To His Worship the Mayor and Members of Council
The City of Edmonton

We have audited the consolidated statement of financial position of The City of Edmonton as at December 31, 2001 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The City of Edmonton as at December 31, 2001 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

KPMG LLP

Chartered Accountants
Edmonton, Canada

March 25, 2002

Consolidated Statement of Financial Position

December 31, 2001
(in thousands of dollars)

	2001	2000 (Note 21)
Financial Assets		
Cash and short-term investments (Note 2)	$ 118,693	$ 106,777
Taxes receivable	21,797	27,176
Accounts receivable	57,071	47,168
Prepaid expenses and deferred charges (Note 17)	26,144	6,073
Land for resale	42,525	51,299
Long-term investments (Note 3)	1,034,542	1,036,568
Investment in subsidiaries (Note 16)	1,212,721	920,048
Total Financial Assets	2,513,493	2,195,109
Physical Assets (Note 4)	900,774	755,580
Total Assets	3,414,267	2,950,689
Liabilities		
Accounts payable and accrued liabilities (Note 5)	187,030	168,321
Deposits	5,584	5,085
Deferred revenue (Note 6)	158,243	200,529
Employee benefit obligations (Note 7)	57,672	59,084
Long-term debt (Note 8)	411,293	316,316
Total Liabilities	819,822	749,335
Municipal Position		
Capital fund (Schedule 2)		
Equity in physical assets	71,289	36,795
	489,481	439,264
	560,770	476,059
Reserve fund (Schedule 3)	105,658	101,263
Operating fund (Schedule 1)	1,928,017	1,624,032
Total Municipal Position	2,594,445	2,201,354
Total Liabilities and Municipal Position	$ 3,414,267	$ 2,950,689

Commitments and contingent liabilities (Notes 18 and 19)

See accompanying notes to consolidated financial statements.

Approved by:

Al Maurer, P.Eng.
City Manager

Randell W. Garvey, B. Admin., CFA, CMA
Chief Financial Officer

Consolidated Statement of Financial Activities

for the year ended December 31, 2001
(in thousands of dollars)

	2001	Budget	2000 (Note 21)
Revenues			
Net taxes available for municipal purposes (Note 12)	$ 455,387	$ 452,786	$ 429,265
User fees and sale of goods and services	289,852	259,839	270,430
Subsidiary operations (Note 16)	383,173	239,664	149,188
Investment earnings	75,881	68,827	112,573
Franchise fees	44,116	45,918	52,654
Government transfers (Note 13)	109,312	133,492	132,449
Developer and customer contributions	73,134	78,154	36,105
Fines and penalties	31,807	30,735	29,656
Licences and permits	17,385	13,485	14,414
	1,480,047	1,322,900	1,226,734
Expenditures (Note 15)			
Protective services:			
Police and bylaw enforcement	155,860	155,498	142,496
Emergency response	97,933	105,051	92,132
	253,793	260,549	234,628
Transportation services:			
Bus and light rail transit	141,177	157,320	132,136
Roadway and parking	180,719	210,612	172,438
	321,896	367,932	304,574
Community services:			
Parks and recreation	108,944	143,263	79,378
Community and family	12,361	12,210	12,238
Edmonton Public Library	23,306	23,074	24,930
Planning	14,119	14,405	12,107
Convention and tourism	17,657	14,887	15,605
Public housing	5,623	6,169	5,444
Grants	9,972	9,559	8,077
	191,982	223,567	157,779
Utility and enterprise services:			
Sanitary	98,030	117,692	82,464
Land	15,905	15,383	56,368
Mobile equipment	45,713	49,471	40,731
	159,648	182,546	179,563
Waste management and storm sewer	171,242	181,860	65,262
Corporate administration	82,992	86,543	68,167
General municipal	50,666	43,927	53,985
Tax appeals and allowances	20,823	22,288	6,237
Pension and benefit adjustment (Notes 7 and 17)	(20,892)		
	1,232,150	1,369,212	1,070,195
Excess (deficiency) of revenues over expenditures	247,897	(46,312)	156,539
Debenture borrowings	147,300	149,572	23,000
Debt repayment	(52,323)	(51,656)	(50,109)
Change in fund balances	$ 342,874	$ 51,604	$ 129,430

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 2001
(in thousands of dollars)

	2001	2000 (Note 21)
Cash provided by (used in):		
Operating Activities		
Excess of revenues over expenditures	**$ 247,897**	$ 156,539
Deduct item not affecting cash:		
Subsidiary operations	**(383,173)**	(149,188)
Change in non-cash items:		
Taxes receivable	**5,379**	4,773
Accounts receivable	**(9,903)**	17,302
Prepaid expenses and deferred charges	**(20,071)**	78
Land for resale	**8,774**	45,844
Accounts payable and accrued liabilities	**18,709**	23,235
Deposits	**499**	407
Deferred revenue	**(42,286)**	125,715
Employee benefit obligations	**(1,412)**	1,521
Cash from operations	**(175,587)**	226,226
Investing Activities		
Net long-term investments	**2,026**	(270,102)
Dividend from subsidiary	**90,500**	70,500
Cash from investing	**92,526**	(199,602)
Financing Activities		
Debenture borrowings	**147,300**	23,000
Repayment of long-term debt	**(52,323)**	(50,109)
Cash from financing	**94,977**	(27,109)
Increase (decrease) in cash position	**11,916**	(485)
Cash, beginning of year	**106,777**	107,262
Cash, end of year	**$ 118,693**	$ 106,777

Cash is represented by cash and short-term investments.

See accompanying notes to consolidated financial statements.

Schedule 1 - Operating Fund

for the year ended December 31, 2001
(in thousands of dollars)

	2001	Budget	2000 (Note 21)
Revenues			
Net taxes available for municipal purposes (Note 12)	$ 455,387	$ 452,786	$ 429,265
User fees and sale of goods and services	289,751	259,839	270,281
Subsidiary operations (Note 16)	383,173	239,664	149,188
Investment earnings	75,381	68,827	112,573
Franchise fees	44,116	45,918	52,654
Government transfers (Note 13)	24,834	22,352	45,992
Developer and customer contributions	286		234
Fines and penalties	31,807	30,735	29,656
Licences and permits	17,385	13,485	14,414
	1,322,620	1,133,606	1,104,257
Expenditures			
Protective services:			
Police and bylaw enforcement	149,118	146,674	139,559
Emergency response	96,667	102,793	91,168
	245,785	249,467	230,727
Transportation services:			
Bus and light rail transit	119,670	124,557	112,971
Roadway and parking	65,627	67,925	69,732
	185,297	192,482	182,703
Community services:			
Parks and recreation	70,786	72,148	70,194
Community and family	12,361	12,210	12,238
Edmonton Public Library	22,967	22,619	22,168
Planning	11,805	10,373	9,869
Convention and tourism	17,050	14,149	14,430
Public housing	5,623	6,169	5,444
Grants	9,972	9,559	8,077
	150,564	147,227	142,420
Utility and enterprise services:			
Sanitary	41,416	45,699	44,646
Land	15,905	15,383	56,368
Mobile equipment	7,293	3,896	6,309
	64,614	64,978	107,323
Waste management and storm sewer	49,601	54,432	44,652
Corporate administration	70,265	70,107	62,378
General municipal	50,666	43,927	53,985
Tax appeals and allowances	20,823	22,288	6,237
Pension and benefit adjustment (Notes 7 and 17)	(20,892)		
	816,723	844,908	830,425
Excess of revenues over expenditures	505,897	288,698	273,832
Net interfund transfers			
To capital fund	(137,880)	(121,680)	(102,123)
From (to) reserve fund	(11,709)	6,226	(4,835)
Debt repayment	(52,323)	(51,656)	(50,109)
Change in fund balance	303,985	121,588	116,765
Opening balance	1,624,032	1,624,032	1,507,267
Closing balance (Note 11)	$ 1,928,017	$ 1,745,620	$ 1,624,032

See accompanying notes to consolidated financial statements.

Schedule 2 - Capital Fund

for the year ended December 31, 2001
(in thousands of dollars)

	2001	Budget	2000 (Note 21)
Revenues			
Government transfers (Note 13)	$ 84,478	$ 111,140	$ 86,457
Developer and customer contributions	72,848	78,154	35,871
Other	101		149
	157,427	189,294	122,477
Expenditures			
Protective services:			
Police and bylaw enforcement	6,742	8,824	2,937
Emergency response	1,266	2,258	964
	8,008	11,082	3,901
Transportation services:			
Bus and light rail transit	21,507	32,763	19,165
Roadway and parking	115,092	142,687	102,706
	136,599	175,450	121,871
Community services:			
Parks and recreation	38,158	71,115	9,184
Edmonton Public Library	339	455	2,762
Planning	2,314	4,032	2,238
Convention and tourism	607	738	1,175
	41,418	76,340	15,359
Utility and enterprise services:			
Sanitary	56,614	71,993	37,818
Mobile equipment	38,420	45,575	34,422
	95,034	117,568	72,240
Waste management and storm sewer	121,641	127,428	20,610
Corporate administration	12,727	16,436	5,789
	415,427	524,304	239,770
Excess of expenditures over revenues	258,000	335,010	117,293
Net interfund transfers			
From operating fund	137,880	121,680	102,123
From reserve fund	7,314	21,611	1,371
Debenture borrowings	147,300	149,572	23,000
	292,494	292,863	126,494
Change in fund balance	34,494	(42,147)	9,201
Opening balance	36,795	36,795	27,594
Closing balance (Note 10)	$ 71,289	$ (5,352)	$ 36,795

See accompanying notes to consolidated financial statements.

Schedule 3 - Reserve Fund

for the year ended December 31, 2001
(in thousands of dollars)

	2001	Budget	2000 (Note 21)
Opening balance	**$ 101,263**	$ 101,263	$ 97,799
Add (deduct):			
Transfer from operating fund	**22,578**	3,562	12,224
Transfer to operating fund	**(10,869)**	(9,788)	(7,389)
Net transfer from (to) operating fund	**11,709**	(6,226)	4,835
Transfer from capital fund	**4,186**		5,453
Transfer to capital fund	**(11,500)**	(21,611)	(6,824)
Net transfer to capital fund	**(7,314)**	(21,611)	(1,371)
Change in fund balance	**4,395**	(27,837)	3,464
Closing balance (Note 9)	**$ 105,658**	$ 73,426	$ 101,263

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

for the year ended December 31, 2001
(in thousands of dollars)

The City of Edmonton is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The City of Edmonton (the City) are prepared by management in accordance with generally accepted accounting principles for municipal governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported operations, they include the following:

Edmonton Sanitary Sewage System
Land Enterprise
Mobile Equipment Services
Ed Tel Endowment Fund
The Edmonton Public Library
Economic Development Edmonton

Interdepartmental and organizational transactions and balances are eliminated.

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 16). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Subsidiary corporations accounted for in this manner are:

EPCOR Utilities Inc.
The City of Edmonton Non-Profit Housing Corporation

The statements exclude trust assets that are administered for the benefit of external parties (Note 20).

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund Accounting

Funds within the consolidated financial statements consist of the operating, capital, and reserve funds. Transactions between funds are recorded as interfund transfers.

d) Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

e) Long-Term Investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

f) Physical Assets

Physical assets, comprised of capital assets, local improvements, land for future municipal purposes, and inventories of materials and supplies, are recognized as expenditures in the period they are acquired.

Capital assets employed in general government tax-supported operations are carried on the statement of financial position at cost net of financing provided from capital fund revenues, reserve funds, and operating funds. Capital assets employed in other operations are carried at cost, and the related financing from capital fund revenues, reserve funds, and operating funds is recorded as equity in physical assets. Capital assets are amortized over their estimated useful lives.

Local improvements are authorized by property owners and undertaken by the City. The construction and borrowing costs are recovered through annual local improvement assessments during the period of the related borrowings.

Land for future municipal purposes is valued at cost. Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

g) Equity in Physical Assets

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

h) Reserve Fund

Certain amounts, as approved by City Council, are set aside in reserves for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

i) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

j) Foreign Currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions. Gains (losses) on foreign currency translations are included as revenues (expenditures).

k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

2. CASH AND SHORT-TERM INVESTMENTS

	2001	2000
Bankers' acceptances, treasury bills and commercial paper, at cost	$ **6,738**	$ 60,539
Fixed income:		
Short-term notes and deposits	**32,613**	16,687
Government and government guaranteed bonds	**85,553**	44,457
Corporate bonds and debentures	**11,083**	12,407
	129,249	73,551
Cheques outstanding in excess of deposits	**(17,294)**	(27,313)
	$ **118,693**	$ 106,777

Short-term notes and deposits have effective rates of 2.2 per cent (2000 – 5.0 to 7.0 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 5.5 to 12.9 per cent (2000 – 5.7 to 12.9 per cent) with maturity dates from June 5, 2003 to June 1, 2009 (2000 – December 1, 2002 to March 1, 2008). Market value of fixed income investments is $130,899 (2000 – $74,633).

3. LONG-TERM INVESTMENTS

	Amortized Cost		Market Value	
	2001	2000	**2001**	2000
Cash	$ **1,287**	$ 1,670	$ **1,287**	$ 1,670
Amounts receivable - net	**871**	6,346	**871**	6,359
Fixed income:				
Short-term notes and deposits	**49,418**	76,782	**49,392**	76,813
Government and government guaranteed bonds	**434,651**	506,966	**441,804**	519,508
Corporate bonds and debentures	**149,639**	152,077	**151,090**	154,357
	633,708	735,825	**642,286**	750,678
Common and preferred shares:				
Canadian	**208,814**	187,253	**218,623**	225,558
International	**189,842**	105,454	**191,513**	109,692
	398,656	292,707	**410,136**	335,250
Other investments	**20**	20	**20**	20
	$ 1,034,542	$ 1,036,568	**$ 1,054,600**	$ 1,093,977

Short-term notes and deposits have effective interest rates of 2.0 to 2.2 per cent (2000 – 5.5 to 8.7 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 4.0 to 10.8 per cent (2000 – 3.6 to 10.9 per cent) with maturity dates from January 17, 2002 to June 1, 2033 (2000 – April 1, 2002 to December 29, 2049).

Included in the carrying value of long-term investments is $96,946 (2000 – $151,678) held exclusively for capital transportation projects (Note 6).

Notes to Consolidated Financial Statements (continued)

for the year ended December 31, 2001
(in thousands of dollars)

4. PHYSICAL ASSETS

	Cost	Accumulated Depreciation	2001 Net Book Value	2000 Net Book Value
Capital assets:				
Sanitary Sewage System	$ 683,965	$ 149,460	$ 534,505	$ 488,657
Engineering structures	202,285	69,212	133,073	47,470
Land	1,344		1,344	1,344
Buildings	76,904	39,442	37,462	34,864
Vehicles	161,999	69,858	92,141	67,721
Machinery and equipment	7,676	2,835	4,841	3,822
	1,134,173	330,807	803,366	643,878
Local improvements	139,872	70,118	69,754	76,292
Land for future municipal purposes	14,171		14,171	21,483
Inventories of materials and supplies	13,483		13,483	13,927
	$ 1,301,699	$ 400,925	$ 900,774	$ 755,580

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is $11,618 (2000 – $10,886) of the estimated total landfill closure and post closure care expenditures of $13,025. The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2001, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post closure care activities discounted at the City's average long-term borrowing rate of 7.6 per cent.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 10.8 per cent of its total estimated capacity and its estimated remaining life is 12 years, after which the period for post closure care is estimated to be 30 years.

6. DEFERRED REVENUE

Included in deferred revenue are the below noted funds, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified:

	2001	2000 (Note 21)
Capital transportation project funds	$ 113,361	$ 186,574
Infrastructure Canada – Alberta Program (ICAP)	28,993	

The City received $28,715 (2000 - nil) for the ICAP projects from the Provincial and/or Federal Government and nil (2000 - $201,449) for the capital transportation projects from the Provincial Government. Under the funding agreements with the Province and/or Federal Government, the use of these funds is restricted to eligible expenditures on capital projects as approved by the governments.

Unexpended funds for capital transportation projects are supported by long-term investments of $96,946 (2000 – $151,678), held exclusively for funding these projects.

7. EMPLOYEE BENEFIT OBLIGATIONS

	2001	2000
Accrued vacation	$ 37,606	$ 35,737
Income replacement plan	12,932	13,403
Group life plan	2,217	4,514
Short-term disability plan	3,276	3,373
Other	1,641	2,057
	$ 57,672	$ 59,084

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April of 1991. The outstanding liability will be paid to employees in accordance with the agreed upon terms and conditions of the plan. The liability is based on an actuarial valuation completed by the actuaries of Aon Consulting as at December 31, 2001.

The City sponsors certain employee benefit plans which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements, and administrative costs are applied to each of the respective plans.

8. LONG-TERM DEBT

a) Debt payable, issued in the name of the City, includes the following amounts:

	2001	2000
Debentures	$ 1,578,692	$ 1,553,273
Mortgages	13,855	14,070
	1,592,547	1,567,343
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	717,760	822,187
Royal Alexandra Hospital	724	743
Less sinking fund and debt defeasance fund assets	462,770	428,097
	$ 411,293	$ 316,316
Long-term debt is comprised of:		
Self-liquidating debt	$ 370,041	$ 261,001
Tax-supported debt	41,252	55,315
	$ 411,293	$ 316,316

The amount receivable from EPCOR Utilities Inc. relates to debentures issued in the name of the City on behalf of EPCOR Utilities Inc. and has the same repayment terms as the respective debt.

Outstanding debentures of $972,984 are secured by debt defeasance fund assets with a carrying value of $26,559 (market value - $32,374) and sinking fund assets with a carrying value of $436,211 (market value - $453,826) and required earnings of 5.0 to 7.0 per cent. These assets are comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures. Government and government guaranteed bonds include The City of Edmonton debentures with a carrying value of $38,939 (market value - $42,954).

Short-term notes and deposits have an effective interest rate of 2.1 to 2.2 per cent (2000 – 5.0 to 6.2 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 5.4 to 12.9 per cent (2000 – 5.4 to 12.8 per cent) with maturity dates from June 1, 2002 to January 22, 2013 (2000 – September 1, 2001 to October 15, 2018).

Principal payments on long-term debt for the next five years, are as follows:

	2002	2003	2004	2005	2006
Self-liquidating debt	$ 117,699	$ 103,746	$ 85,737	$ 75,484	$ 66,954
Tax-supported debt	15,301	16,650	9,301		
	133,000	120,396	95,038	75,484	66,954
Less:					
Payments on offsetting amounts receivable	52,867	42,743	29,481	26,225	21,977
Sinking fund principal	28,736	28,736	27,376	25,387	25,387
	$ 51,397	$ 48,917	$ 38,181	$ 23,872	$ 19,590

Payments on offsetting amounts receivable and sinking fund principal amounts relate to self-liquidating debt. The above amounts do not include annual sinking fund required earnings.

b) Debt limit:

Regulations under section 271 of the Municipal Government Act, as passed by the Province of Alberta, establish municipal debt limits. The debt limit for the City is two times revenue net of capital government transfers, as defined in the Regulation, or $2,024,792. Total debt at December 31, 2001 calculated as outlined in the Regulation is $439,609.

Limitations on the City's 2002 debt service are set as 0.35 times 2001 revenue net of capital government transfers or $354,339. Debt service, as defined in the Regulation, is $100,394.

c) Maturities and interest rates:

Existing long-term debt matures in annual amounts to the year 2026 and debenture interest is payable, before provincial subsidy, at rates ranging from 5.3 to 12.0 per cent per annum. The average annual interest rate is 7.6 per cent for 2001 (2000 – 8.6 per cent), before rebate. The Province of Alberta rebates 60 per cent of interest in excess of 8 per cent, 9 per cent, and 11 per cent, for qualifying debt issues.

9. RESERVE FUND

	2001	2000 (Note 21)
General Government:		
Financial Stabilization	$ 30,732	$ 24,029
Waste Management Rate Stabilization	14,817	15,890
Funds in Lieu - Residential	12,930	9,880
Other	9,729	10,617
Snow Removal	7,600	7,600
Self Insurance	4,673	4,673
Enterprise Portfolio	4,564	3,129
Parkland Reserve	4,525	6,939
Capital City Recreation Park	2,969	2,900
Perpetual Care	2,939	2,803
Downtown Housing Reinvestment Grant	1,195	3,292
Social Services Revenue Stabilization	1,185	1,132
Convention Centre	1,147	1,150
Interest Rebate	573	1,229
Heritage Resources	559	842
Accommodation	514	1,420
	100,651	97,525
Economic Development Edmonton	1,224	1,190
Edmonton Public Library	3,783	2,548
	$ 105,658	$ 101,263

10. CAPITAL FUND

The capital fund balance is comprised of the following:

	2001	2000
Financing available:		
Funds for future construction	$ 57,026	$ 56,461
Sanitary drainage physical assets	23,554	2,929
Other physical assets	1,600	(6,542)
Land for future municipal purposes	413	(4,384)
	82,593	48,464
Amounts to be financed:		
Inventories of materials and supplies	(11,304)	(11,669)
	$ 71,289	$ 36,795

Amounts to be financed related to inventories of materials and supplies will be financed at the point they are utilized.

11. OPERATING FUND

	Dec. 31 2000	Revenues in Excess of Expenditures	Transfers and Debt Repayment	Dec. 31 2001
General Government				
- Operations	$ 46,318	$ 27,332	$ (35,831)	$ 37,819
- Pension and benefits		20,892		20,892
- Excess earnings on Sinking Fund	31,101	5,549	(9,280)	27,370
Sanitary Sewage System		46,288	(46,288)	
Land Enterprise	23,321	4,841	(3,102)	25,060
Mobile Equipment Services	25,008	16,597	(16,193)	25,412
Ed Tel Endowment Fund	577,325	568		577,893
EPCOR Utilities Inc.	919,512	383,054	(90,500)	1,212,066
Non-Profit Housing Corporation	536	119		655
The Edmonton Public Library	319	194	(43)	470
Economic Development Edmonton	571	425	(675)	321
Taxi Cab Commission	21	38		59
	$1,624,032	$ 505,897	$ (201,912)	$1,928,017

The general government operations fund balance at December 31 is fully appropriated. $18,277 of the December 31, 2001 excess earnings on the Sinking Fund balance is appropriated for capital expenditures.

12. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2001	2000
Taxes:		
Property and business taxes	$ 623,712	$ 628,109
Revenue in lieu of taxes	21,879	23,110
Local improvement levies	18,126	21,447
Other	2,813	2,705
	666,530	675,371
Less taxes on behalf of:		
Education	209,809	244,892
Business revitalization zones	1,334	1,214
	211,143	246,106
Net taxes available for municipal purposes	$ 455,387	$ 429,265

The City is required to levy taxes under section 353 of the Municipal Government Act towards the payment of education requisitions. Education tax revenues are recorded at the amounts levied. Taxes levied over (under) the amount requisitioned are recorded as accounts payable (receivable).

An amount of education taxes payable of $899 has been recorded at December 31, 2001 (2000 - $1,056) within accounts payable and accrued liabilities.

13. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	2001	2000
Operating transfers:		
Federal	$ 1,046	$ 1,094
Provincial	23,788	44,898
	24,834	45,992
Capital transfers:		
Federal:		
Shared cost agreements	71	377
Provincial:		
Shared cost agreements	71	112
Grants and entitlements	84,336	85,968
	84,478	86,457
	$ 109,312	$ 132,449

Notes to Consolidated Financial Statements (continued)

for the year ended December 31, 2001
(in thousands of dollars)

14. EXECUTIVE SALARIES AND BENEFITS

The following executive salaries and benefits are disclosed as required by Regulations under section 276 of the Municipal Government Act passed by the Province of Alberta.

	Salaries	Benefits	2001 Totals	2000 Totals
Mayor	$ 113	$ 2	$ 115	$ 105
Councillors (12)	697	11	708	656
Chief administrative officer	203	11	214	123
City Assessor	97	9	106	99
	$ 1,110	$ 33	$ 1,143	$ 983

Executive salaries and benefits are included in corporate administration expenditures.

15. EXPENDITURES BY OBJECT

	2001	2000 (Note 21)
Salaries, wages and employee benefits	$ 506,482	$ 498,358
Contracted and general services	415,776	325,809
Materials, goods, supplies, and utilities	202,505	172,461
Interest and bank charges	42,641	43,060
Other	64,746	30,507
	$ 1,232,150	$ 1,070,195

16. SUBSIDIARY CORPORATIONS

a) EPCOR Utilities Inc.

EPCOR Utilities Inc., established by City Council under City Bylaw 11071, is wholly owned by The City of Edmonton and provides regulated and unregulated electric utility services, water utility services, and complementary commercial services.

The following table provides condensed supplementary financial information for EPCOR Utilities Inc.

	2001	2000
Financial position:		
Current assets and deferred assets	$ 1,329,666	$ 434,905
Capital assets	2,785,300	2,628,832
Other assets	425,400	28,863
Total assets	4,540,366	3,092,600
Current liabilities (including current portion of long-term debt of $72,400)	1,273,500	953,500
Non-current liabilities	425,100	48,200
Long-term debt	1,629,700	1,171,388
Total liabilities	3,328,300	2,173,088
Net assets	1,212,066	919,512
Results of operations:		
Revenues	3,723,829	1,421,392
Operating expenses	3,230,300	1,150,845
Financing expenses	154,500	122,510
Income taxes and amounts in lieu of income taxes expense	112,200	(1,215)
Net income	226,829	149,252
Future income tax adjustment	156,225	
Net income and adjustments	$ 383,054	$ 149,252

The above information is as reported by EPCOR Utilities Inc. Long-term debt reported by EPCOR Utilities Inc. has been issued in the name of the City. Offsetting short and long-term receivables from EPCOR Utilities Inc. have been applied to reduce the consolidated long-term debt (Note 8).

Effective for January 1, 2001, EPCOR Utilities Inc. became subject to a regulation in Alberta, requiring payment of amounts in lieu of income taxes on certain of its operations. As a result, EPCOR Utilities Inc. recognized a future amount in lieu of tax asset.

On January 1, 2001 the Alberta electricity marketplace opened to retail competition. Data, processes for analysis, and systems which are used to estimate electricity revenues and costs are complex. Estimation procedures will not necessarily detect errors in underlying data provided by industry participants. Any subsequent adjustments to estimates, which will impact earnings, will be recorded in the period they become known.

The following summarizes the City's related party transactions with EPCOR Utilities Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

Notes to Consolidated Financial Statements (continued)

for the year ended December 31, 2001
(in thousands of dollars)

	2001	2000
Dividend received	$ 90,500	$ 70,500
Power and water purchased	11,500	17,100
Other services purchased	24,600	22,600
Franchise fees and revenue tax received	29,500	29,200
Property taxes and other taxes	9,000	9,800
Sales of administrative and construction services	20,500	17,100
Excess earnings in Sinking Fund available to EPCOR Utilities Inc. as at December 31	28,100	23,200

EPCOR Utilities Inc. has issued letters of credit for $84.7 million (2000 - $210.6 million) to meet the credit requirements of the deregulated electricity marketplace and to satisfy legislated reclamation requirements.

Subsequent to December 31, 2001, following 2001 AEUB approvals, EPCOR Utilities Inc. announced that it will proceed with the construction of a $695 million, 450 megawatt coal-fired generating unit (Genesee Phase 3), scheduled to be in service by 2005. In January 2002, EPCOR Utilities Inc. issued $300 million of 4.6 per cent, 3 year notes.

b) The City of Edmonton Non-Profit Housing Corporation (Non-Profit Housing Corporation)

The City is the sole shareholder of Non-Profit Housing Corporation, established in 1977 for the purpose of providing non-profit housing for the citizens of Edmonton.

The following table provides condensed supplementary financial information for Non-Profit Housing Corporation.

	2001	2000
Financial position:		
Current assets	$ 3,480	$ 3,191
Housing projects	26,278	27,301
Total assets	29,758	30,492
Current liabilities	1,774	1,405
Mortgages payable	26,350	27,563
Total liabilities	28,124	28,968
Replacement reserves	979	988
Net assets	655	536
Results of operations:		
Revenues - rental	3,782	3,670
Revenues - operating assistance	1,052	1,120
Rental expenses	4,256	4,315
Administrative expenses	214	246
Other income	92	90
Replacement reserve allocation	(337)	(383)
Net income	$ 119	$ (64)

Pursuant to operating agreements, Non-Profit Housing Corporation receives subsidies from Canada Mortgage and Housing Corporation (CMHC) and Alberta Social Housing Corporation (ASHC).

17. PENSION PLANS

a) Local Authorities Pension Plan

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan which is one of the plans covered by the Public Sector Pension Plans Act.

The City is required to make current service contributions to the Plan of 5.025 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 6.900 per cent thereafter. Employees of the City are required to make current service contributions of 4.025 per cent of pensionable salary up to YMPE and 5.900 per cent thereafter. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the City to the Local Authorities Pension Plan in 2001 were $17,006 (2000 - $15,855). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2001 were $14,374 (2000 - $13,217).

b) Special Forces Pension Plan

Police officers employed by the City are participants in the Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 9.05 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Participants of the SFPP are required to make current service contributions of 7.95 per cent of pensionable salary and past service contributions of 0.75 per cent of pensionable salary to the Plan. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2001 were $7,381 (2000 - $6,672). Total current and past service contributions by the participants to the SFPP in 2001 were $6,653 (2000 - $6,006).

c) City-Sponsored Pension Funds

i) Annuity Fund

The City provides pension benefits to members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta.

ii) Police Supplementary Pension Fund

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the Local Authorities Pension Plan for 38 beneficiaries. There are no active police officers enrolled in PSPP and no further contributions are expected to be made to the Fund.

iii) Fire Fighters' Supplementary Pension Fund

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the Local Authorities Pension Plan. Active fire fighters continue to earn pension credits under the FFSPP.

iv) Fire Chief and Deputy Fire Chief Supplementary Pension Fund

The City of Edmonton Fire Chief and Deputy Fire Chief Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the position of fire chief and deputy fire chief. Contributions are made by Plan members and the City. The pension is reduced by the pension payable to the member under the Local Authorities Pension Plan.

The following table sets out the extrapolated results for each of the plans, as at December 31, 2001:

	Annuity	PSPP	FFSPP	Fire Chief	2001
Fair value of assets	$ 6,139	$ 5,517	$ 100,406	$ 1,160	**$ 113,222**
Accrued benefit obligation	138	1,160	69,598	1,304	**72,200**
Funded status – surplus (deficit)	6,001	4,357	30,808	(144)	**41,022**
Unamortized net actuarial loss (gain)	474	428	8,040	(46)	**8,896**
Accrued benefit asset (liability)	6,475	4,785	38,848	(190)	**49,918**
Valuation allowance	6,475	4,785	19,021		**30,281**
Net fund asset (liability)			19,827	(190)	**19,637**
Benefit plan related expense				21	**21**

Actuarial valuations of the plans were completed by Aon Consulting as at December 31, 2000 and were extrapolated to December 31, 2001. The actuarial valuation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 3.25 per cent. The discount rate used to determine the accrued benefit obligation is 7.5 per cent. Pension fund assets are valued at market value. The expected rate of return on plan assets is 7.5 per cent.

18. CAPITAL COMMITMENTS

City Council has approved a 2002 – 2006 Capital Priorities Plan of $540,575. The 2002 requirement of $337,939 is to be funded as follows:

Reserves, grants, and developer contributions	$ 218,374
Self-liquidating debentures	28,243
Pay-as-you-go financing	91,322
	$ 337,939

Capital requirements related to EPCOR Utilites Inc. are not included in the Capital Priorities Plan.

19. CONTINGENT LIABILITIES

a) The City is defendant in various lawsuits as at December 31, 2001. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City.

b) The City is reviewing environmental objectives and liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations has not been determined.

20. TRUST ASSETS AND LIABILITIES

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the consolidated financial statements.

	Dec. 31 2000	Deposits (Withdrawals)	Earnings	Dec. 31 2001
Pension Fund Net Assets:				
Annuity Fund	$ 6,215	$ (69)	$ (7)	$ 6,139
Police Supplementary Pension Fund	5,636	(112)	(7)	5,517
Fire Fighters' Supplementary Pension Fund	102,481	(1,944)	(131)	100,406
Fire Chief and Deputy Fire Chief Supplementary Pension Plan	1,081	79		1,160
	115,413	(2,046)	(145)	113,222
Long-term Disability Plan	34,083	1,762	2,242	38,087
Other	242	(146)	6	102
	$ 149,738	$ (430)	$ 2,103	$ 151,411

Pension Fund assets include fixed income investments in government and government guaranteed bonds, corporate bonds, short-term notes and deposits, valued at market quotations from Canadian investment dealers, and common and preferred shares valued at the closing price on the stock exchange where listed. Assets of the pension funds are administered by the Investment Committee of The City of Edmonton.

21. PRIOR PERIOD ADJUSTMENT

Certain funds, the use of which are not restricted by agreement with external parties or legislation, previously accounted for in deferred revenue, have been restated as reserves to more appropriately reflect the use of these funds.

These changes have been applied retroactively and the previously reported 2000 opening balances for deferred revenue and reserve fund have decreased and increased respectively by $17,988.

The 2000 closing balances for deferred revenue and reserve fund have decreased and increased respectively by $21,130.

Excess of revenues over expenditures has increased by the change in the deferred revenue balance.

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Schedules and Statistics
Statistical Review for the Years 1997 to 2001

Unaudited
(in thousands of dollars)

	2001	2000	1999	1998	1997
Population (Note 1)	**666,104**	648,284	648,284	616,306	616,306
Population age distribution (%) (Note 2)					
0-4	**5.93**	5.93	5.93	6.93	6.93
5-19	**19.86**	19.86	19.86	19.98	19.98
20-29	**16.61**	16.61	16.61	16.21	16.21
30-39	**17.08**	17.08	17.08	18.65	18.65
40-49	**15.64**	15.64	15.64	14.75	14.75
50-59	**9.75**	9.75	9.75	8.83	8.83
60-64	**3.68**	3.68	3.68	3.58	3.58
65+	**11.45**	11.45	11.45	11.07	11.07
Area - in hectares	**70,067**	70,067	70,067	70,067	70,067
- in square kilometers	**700**	700	700	700	700
Value of building permits	**$ 904,536**	$ 786,706	$ 657,535	$ 674,649	$ 546,540
Number of housing starts (per Canada Mortgage and Housing Corporation)	**4,811**	3,765	3,932	3,591	3,015
Consumer price index - 1992 base year (per Statistics Canada)					
Edmonton	**118.4**	115.9	112.2	109.7	108.7
Alberta	**120.1**	117.4	113.4	110.7	109.5
Canada	**116.4**	113.5	110.5	109.3	107.6
Unemployment rate (%) - annual average (per Statistics Canada)					
Edmonton	**4.9**	5.5	5.9	6.2	6.9
Alberta	**4.6**	5.0	5.7	5.7	6.0
Canada	**7.2**	6.8	7.6	8.3	9.2
City of Edmonton employees (Note 3)	**9,084**	8,976	8,443	8,482	8,618

Notes:
1. The population figures are as per the 1996, 1999, and 2001 Canada Census.
2. The population age distribution has not been updated for 2001, as information is not yet available.
3. Positions are stated in full time equivalents (FTE's).

Schedules and Statistics
Statistical Review for the Years 1997 to 2001 (continued)

Unaudited
(in thousands of dollars, except per capita)

	2001	2000	1999	1998	1997
Assessment:					
Total taxable assessment	$ 36,344,255	$ 33,654,816	$ 32,724,906	$ 28,518,674	$ 27,713,496
Percentage of total assessment represented by:					
Residential properties	74.6	75.1	74.0	72.1	72.9
Commercial properties	25.4	24.9	26.0	27.9	27.1
Taxable assessment per capita	$ 54,562	$ 51,914	$ 50,479	$ 46,274	$ 44,967
Market value of taxable assessment (Note 1)	$ 36,344,255	$ 33,654,816	$ 32,724,906	$ 30,574,422	$ 28,396,369
Assessment for principal taxpayers (%) (Note 2)	5.9	8.2	6.7	5.5	
Rates of taxation (mills):					
Single family residential	12.28	13.43	13.50	15.19	14.98
Other residential property	13.73	14.88	14.94	16.66	16.38
Commercial and industrial	23.54	25.60	25.00	27.62	27.62
Tax levy, collections, and arrears:					
Current year's levy:					
Property	$ 570,388	$ 581,225	$ 564,127	$ 537,518	$ 536,745
Business	74,263	71,036	68,467	64,184	65,271
Collections:					
Property	$ 565,636	$ 577,516	$ 549,207	$ 528,038	$ 503,740
Business	74,965	71,291	67,814	64,864	66,524
Arrears at December 31- net:					
Property	$ 20,624	$ 25,535	$ 29,938	$ 28,024	$ 33,689
Business	1,173	1,641	2,011	1,356	1,411
Percentage of current property taxes collected	97.4	97.8	94.2	95.5	88.9
Percentage of net property tax arrears collected	39.4	31.0	63.2	44.4	60.9
Property tax arrears per capita (gross)	$ 42.97	$ 55.52	$ 58.18	$ 63.74	$ 73.72
Property tax arrears per capita (net)	30.96	39.39	46.18	45.47	54.66
Property tax levy per capita	856.31	896.56	870.18	872.16	870.91
Education Taxes	209,809	244,892	240,425	232,682	246,727

Source: The City of Edmonton Corporate Services Department

Note:
1. Effective in 1999 The City of Edmonton adopted market value assessment as the basis for property taxation.
2. Includes the ten highest taxpayers by assessment value.

Schedules and Statistics
Statistical Review for the Years 1997 to 2001 (continued)

Unaudited
(in thousands of dollars)

	2001	2000	1999	1998	1997
Investment funds (Note 1):					
Ed Tel Endowment Fund					
Net assets-market value	$ 587,801	$ 616,509	$ 593,130	$ 582,872	$ 580,863
Net assets-cost	577,893	577,325	540,911	532,037	527,420
Net earnings	41,416	75,809	47,391	52,458	70,388
Fund rate (%)	7.2	14.0	8.9	10.0	14.3
Market (%)	3.6	11.2	8.6	9.4	12.9
The Reserves Fund					
Net assets-market value	$ 333,558	$ 283,208	$ 220,724	$ 173,726	$ 118,750
Net assets-cost	328,533	269,036	211,434	165,056	111,953
Net earnings	17,246	15,983	9,810	9,380	9,917
Fund rate (%)	6.4	7.6	5.8	8.2	9.4
Market (%)	3.3	9.5	5.9	9.4	10.3
The Sinking Fund					
Net assets-market value	$ 511,493	$ 458,607	$ 389,329	$ 374,149	$ 383,890
Net assets-cost	491,678	440,285	383,872	330,336	342,792
Net earnings					
Required	21,373	18,849	16,453	17,144	18,300
Unappropriated	10,560	15,398	8,343	13,721	9,050
Total	31,933	34,247	24,796	30,865	27,350
Fund rate (%)	7.0	8.4	7.2	8.9	7.6
Market (%)	7.0	11.8	-3.4	9.4	8.3
The Transportation Fund (Note 2)					
Net assets-market value	$ 99,888	$ 153,476			
Net assets-cost	96,946	151,678			
Net earnings	8,620	7,789			
Fund rate (%)	6.2	6.5			
Market (%)	7.2	8.7			
Combined funds					
Net assets-market value	$ 1,532,740	$ 1,511,800	$ 1,203,183	$ 1,130,747	$ 1,083,503
Net assets-cost	1,495,050	1,438,324	1,136,217	1,027,429	982,165
Net earnings	99,215	133,828	81,997	92,703	107,655

Notes:

1. a) Net earnings are realized earnings of the fund in accordance with generally accepted accounting principles.
   b) Fund rate is the rate expressed as the earnings for the year over the weighted average of total assets employed.
   c) Market return is based on the time weighted method in accordance with industry standards.
2. Statistics for the Transportation Fund in 2000 are for a nine month period.

Schedules and Statistics
Statistical Review for the Years 1997 to 2001 (continued)

Unaudited
(in thousands of dollars)

	2001	2000	1999	1998	1997
Revenue - operating fund:					
General government revenue	$ 795,132	$ 784,244	$ 712,789	$ 713,467	$ 679,965
Utility revenue	87,913	80,726	79,655	67,361	62,120
Subsidiary operations	383,173	149,188	116,561	121,085	116,312
Other revenue	56,402	90,099	57,451	77,588	92,963
	$ 1,322,620	$ 1,104,257	$ 966,456	$ 979,501	$ 951,360
General government operating fund revenue (%):					
Taxation	57.3	54.7	57.7	55.1	55.9
Sale of goods and services	19.4	18.9	18.3	19.2	20.4
Franchise fees	6.3	6.7	7.0	7.1	7.6
Appropriation from Ed Tel Endowment Fund	5.0	5.0	5.4	6.7	5.3
Government transfers	2.7	5.4	3.2	3.5	3.1
Other	9.3	9.3	8.4	8.4	7.7
General government operating fund expenditures	$ 746,908	$ 718,693	$ 678,091	$ 637,269	$ 665,973
Expenditures - capital fund	415,427	239,770	193,681	196,765	174,380
Reserve fund	105,658	101,263	97,799	88,780	82,129

Source: The City of Edmonton Corporate Services Department

Schedules and Statistics
Statistical Review for the Years 1997 to 2001 (continued)

Unaudited
(in thousands of dollars, except per capita)

	2001	2000	1999	1998	1997
Long-term debt:					
Debt limit	$ 2,024,792	$ 1,982,178	$ 1,763,366	$ 1,794,810	$ 1,708,252
Total debt per regulation	439,609	360,218	405,521	440,837	489,579
Debt service limit	354,339	346,881	308,589	314,092	298,944
Total debt service per regulation	100,394	97,343	103,155	110,075	115,895
General government debt service	42,395	41,009	43,200	45,569	51,485
General government debt service of general government operating fund expenditures (%)	5.7	5.7	6.4	7.2	7.7
Long-term debt - gross					
Self-liquidating	$ 1,551,295	$ 1,512,028	$ 1,597,227	$ 1,675,773	$ 1,838,161
Tax-supported	41,252	55,315	69,604	83,666	97,670
Long-term debt - net of Sinking Fund					
Self-liquidating	$ 1,115,084	$ 1,125,925	$ 1,258,707	$ 1,382,441	$ 1,518,647
Tax-supported	41,252	55,315	69,604	83,666	97,670
Net debt per capita					
Self-liquidating	$ 1,674	$ 1,737	$ 1,942	$ 2,243	$ 2,464
Tax-supported	62	85	107	136	159
	$ 1,736	$ 1,822	$ 2,049	$ 2,379	$ 2,623
Percentage of total debt to be retired					
Within 5 years	53.4	57.6	56.0	54.4	51.0
Within 10 years	78.3	85.0	84.7	83.6	82.6

Source: The City of Edmonton Corporate Services Department

Schedules and Statistics
Statistical Review for the Years 1997 to 2001 (continued)

Unaudited
(in thousands of dollars)

Consolidated Expenditures By Function

	2001	2000	1999	1998	1997
Transportation services	$ 321,896	$ 304,274	$ 276,920	$ 269,457	$ 258,993
Protective services	253,793	234,628	226,784	205,574	197,551
Community services	191,982	157,779	147,767	146,610	159,312
Corporate administration and general municipal	133,589	128,389	114,273	109,637	140,297
Utility and enterprise services	159,648	179,563	108,493	122,442	117,541
Waste management and storm sewer	171,242	65,262	70,014	60,294	46,881
	$ 1,232,150	$ 1,070,195	$ 944,251	$ 914,014	$ 920,575

Consolidated Expenditures By Object

	2001	2000	1999	1998	1997
Salaries, wages and employee benefits	$ 506,482	$ 498,358	$ 472,447	$ 463,265	$ 462,369
Contracted and general services	415,776	325,809	255,693	222,449	245,990
Materials, goods and supplies	202,505	172,461	156,947	161,565	127,405
Interest and bank charges	42,641	43,060	38,315	41,792	42,357
Other charges	64,746	30,507	20,849	24,943	42,454
	$ 1,232,150	$ 1,070,195	$ 944,251	$ 914,014	$ 920,575

Related Boards and Authorities

Further information regarding the related Boards and Authorities can be obtained from the following sources:

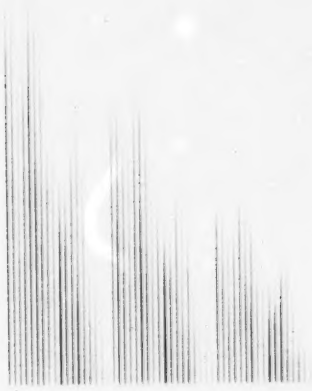
Economic Development Edmonton
Shaw Convention Centre
9797 Jasper Avenue
Edmonton, Alberta T8J 1N9
Fax: (780) 426-0535
Web: www.ede.org
Chair: Audrey Lust
President and CEO: Allan Scott

The Edmonton Non-Profit Housing Corporation
20th Floor, Century Place
9803-102A Avenue
Edmonton, Alberta T5J 3A3
Fax: (780) 496-6577
Chair: Peter Abramowich
Vice-Chair: Lorne Dach
General Manager: Terry J. Loat

Edmonton Police Commission
Suite 911, 10365-97 Street
Edmonton, Alberta T5J 5A6
Fax: (780) 421-3572
E-mail: commission@police.edmonton.ab.ca
Chair: David Finlay
Chief of Police: Bob Wasylyshen

EPCOR Utilities Inc.
18th Floor, EPCOR Centre
10065 Jasper Avenue
Edmonton, Alberta T5J 3B1
Fax: (780) 412-3192
E-mail: corpafrs@epcor.ca
Web: www.epcor.ca
Chair: H. Bolton
President and CEO: D. Lowry

The Edmonton Public Library
7 Sir Winston Churchill Square
Edmonton, Alberta T5J 2V4
Fax: (780) 496-1885
Web: www.epl.ca
Chair: Professor Marco L. Adria
Vice-Chair: Ms. Dawn Fargey



Information on The City of Edmonton is available through the internet

www.gov.edmonton.ab.ca

Inquires may also be directed:

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Finance Branch
5th Floor, Chancery Hall
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